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N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

Prudential Securities, Inc.

96-02524

Name of Respondent

Richard H.H. Cheong

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**CASE SUMMARY**

In a claim filed with the National Association of Securities Dealers, Inc. on June 12, 1996, claimant Prudential Securities, Inc. ("claimant") through its representative, Linda Gallagher, Esq., of the law firm of Gombert Kane & Fisher, Ltd., located in Chicago, Illinois, maintained that respondent Richard H.H. Cheong ("respondent") is a former employee of its Honolulu, Hawaii office who has failed to repay money owed to it in connection with his employment. Claimant further alleged that respondent is bound to arbitrate the dispute according to Section 8(a) of the NASD Code of Arbitration Procedure and the Uniform Application for Securities Industry Registration Transfer signed by respondent which contains a pre dispute arbitration clause. Claimant also alleged that pursuant to the terms of the Financial Advisor Compensation Program, respondent was paid a monthly draw in anticipation of reaching a prescribed level of production. Claimant contended that upon his termination on or about February 5, 1996, respondent owed it \$5,610.94 from the aforementioned draws. Claimant further contended that on or about March 26, 1996, it tendered a demand note to respondent to honor the debt and that he has refused to pay it. Claimant also contended that as a result of the above, it has suffered a loss for which the respondent should be held liable.

Respondent Richard H.H. Cheong did not file a Statement of Answer to the Statement of Claim.

**RELIEF REQUESTED**

Claimant Prudential Securities, Inc. requested \$5,610.94 in actual damages plus any other relief as the arbitrator deems just.

Respondent Richard H.H. Cheong did not file a Statement of Answer to the Statement of Claim.

**OTHER ISSUES CONSIDERED AND DECIDED**

Pursuant to Section 10203 of the NASD Code of Arbitration Procedure, respondent Richard H.H. Cheong was sent the Statement of Claim, an overdue answer notice and notice of the identity of the arbitrator via certified mail and given an opportunity to respond which he failed to do. The signed return receipt cards are on file with the NASD.

Pursuant to the by-laws of the NASD, the arbitrator determined that respondent Richard H.H. Cheong had notice of the claim, and was required to submit to this arbitration proceeding; and is, therefore, bound by the arbitrator's ruling and determination.

**AWARD**

Pursuant to Section 10203 of the NASD, Inc. Code of Arbitration Procedure, a single Industry Arbitrator, Larry C. Jackson, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the claimant on June 6, 1996, and not by the respondent as is required by Sections 10201 and 10203 of the NASD Code of Arbitration Procedure.

And, the Arbitrator, having considered the proof of the parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of the claimant Prudential Securities, Inc. against respondent Richard H.H. Cheong are denied in their entirety.
2. The parties shall bear their respective costs.
3. The \$575.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the claimant shall be retained by the NASD, Inc.

**AFFIRMATION**

I, Larry C. Jackson, do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.

  
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Signature of Arbitrator

DATE OF DECISION:

December 6, 1996